

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes, 1997 )

Docket No. R97-1

OFFICE OF THE CONSUMER ADVOCATE  
INTERROGATORIES TO UNITED STATES POSTAL SERVICE  
(OCA/USPS-13-14)  
August 29, 1997

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits an interrogatory and request for production of documents. Instructions included with OCA interrogatories 1-7 to the United States Postal Service dated July 16, 1997, are hereby incorporated by reference.

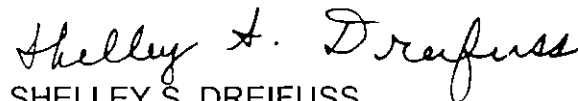
Respectfully submitted,



GAIL WILLETTE

Director

Office of the Consumer Advocate



SHELLEY S. DREIFUSS

Attorney

OCA/USPS-13. Please confirm that the following figures may be found in the CRA for FY 1996 (filed with the Commission on June 6, 1997; hereinafter "CRA") and the Cost Segments and Components for base year 1996 (filed in the instant proceeding as Exhibit USPS-5A; hereinafter "5A").

- a. total volume variable costs for special fourth-class rate (hereinafter "SFCR") of \$248.3 million (CRA). If you do not confirm, please provide the correct figure.
- b. total volume variable costs for SFCR of \$226.5 million (5A). If you do not confirm, please provide the correct figure.
- c. total volume variable costs for library rate (hereinafter "LR") of \$52 million (CRA). If you do not confirm, please provide the correct figure.
- d. total volume variable costs for LR of \$47.8 million (5A). If you do not confirm, please provide the correct figure.

Also, confirm that the following calculations may be made from figures cited in parts

a. - d. above:

- e. the difference between total volume variable costs for SFCR (CRA) and total volume variable costs for SFCR (5A) is:  
 $248.3 - 226.5 = 21.8$ ; i.e., a decline in the total volume variable costs for SFCR of \$21.8 million from CRA to 5A. If you do not confirm, please provide alternative, correct calculations.
- f. the difference between total volume variable costs for LR (CRA) and total volume variable costs for LR (5A) is:  
 $52 - 47.8 = 4.2$ ; i.e., a decline in the total volume variable costs for LR of \$4.2 million. If you do not confirm, please provide alternative, correct calculations.

- g. the ratio of the decline in SFCR total volume variable costs to the decline in LR total volume variable costs is  $21.8 \div 4.2 = 519\%$ . If you do not confirm, please provide alternative, correct calculations.

OCA/USPS-14. Please explain why ratios calculated in similar fashion from the following cost segments and components vary so markedly from the overall 519-percent ratio given in part g. of OCA/USPS-13.

a. C/S 2.2 (Supervisors and Technicians, Window Service).

- i. SFCR cost difference from CRA to 5A of \$84 million, calculated as follows:  
 $\$382 \text{ million (CRA)} - 298 \text{ (5A)} = 84$ ; this represents a *decline* for SFCR of \$84 million.
- ii. LR cost difference from CRA to 5A to of \$7 million, calculated as follows:  
 $\$9 \text{ (5A)} - 2 \text{ (CRA)} = 7$ ; this represents an *increase* for LR of \$7 million.
- iii. ratio of SFCR to LR change:  $84 \div 7 = 1200\%$
- iv. explain why SFCR enjoys a 12-to-1 benefit over LR for this component (as compared to the 519% overall ratio). If any figures or calculations in a.i.-iv. are found to be incorrect, please provide corrections and discuss.

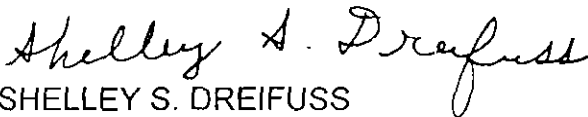
b. C/S 3.2 (Clerks and Mailhandlers, CAGs A-J, Window Service).

- i. SFCR cost difference from CRA to 5A of \$1123 million, calculated as follows:  
 $\$4310 \text{ million (CRA)} - 3187 \text{ (5A)} = 1123$ ; this represents a *decline* for SFCR of \$1123 million.
- ii. LR cost difference from CRA to 5A to of \$74 million, calculated as follows:  
 $\$99 \text{ (5A)} - 25 \text{ (CRA)} = \$74$ ; this represents an *increase* for LR of \$74 million.

- iii. ratio of SFCR to LR change:  $1123 \div 25 = 1518\%$
- iv. explain why SFCR enjoys a 15-to-1 benefit over LR for this component (as compared to the 519% overall ratio). If any figures or calculations in b.i.-iv. are found to be incorrect, please provide corrections and discuss.

#### CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.

  
SHELLEY S. DREIFUSS  
Attorney

Washington, D.C. 20268-0001  
August 29, 1997